



House of Representatives

General Assembly

File No. 173

January Session, 2003

House Bill No. 5493

House of Representatives, April 3, 2003

The Committee on Insurance and Real Estate reported through REP. OREFICE of the 37th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE FILING OF SECURITY WITH THE COMMISSIONER OF REVENUE SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-446 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 The commissioner, before issuing any license to a distributor under
4 section 12-436, shall require such distributor annually to file with, and
5 to the satisfaction of, the commissioner and to maintain for the year a
6 bond issued by a surety company authorized to do business in this
7 state, a general obligation bond of the state or other security acceptable
8 to the commissioner, in such amount as [he] the commissioner may fix,
9 to secure the payment of any sums due from such distributor pursuant
10 to the provisions of this chapter. The bond or other security shall be in
11 full force and effect for a period of three years and one month
12 following the end of such year, unless a certificate is issued by the
13 commissioner to the effect that all taxes due the state have been paid.

14 The commissioner shall not require a bond for any distributor who has
15 complied with the provisions of this chapter for a period of not less
16 than twenty years without the commissioner having to resort to any
17 security maintained pursuant to this section for payment of any sum
18 required by this chapter, unless the commissioner determines that
19 good cause exists for the continued requirements of a bond or surety
20 for such distributor.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Revenue Serv., Dept.	GF - Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

Allowing alcohol beverage distributors to post a Connecticut General Obligation (GO) bond as security would result in some additional administrative costs to the Department of Revenue Services (DRS).

All state GO bonds are now issued in electronic form through the Depository Trust Company (DTC) (centralized computer clearinghouses for tracking the electronic balances of securities for their participants – primarily brokerage firms). An individual must hold a GO bond in electronic form in a brokerage account.

Therefore, an alcohol beverage distributor that elected to post a GO bond as security would need to have their bond electronically transferred to a brokerage account established by DRS for this purpose. DRS would probably have to establish an account for each distributor, which would result in some minimal costs to the agency to set-up and administer each account.

Currently, there are approximately 90 alcohol beverage distributors registered with DRS.

OLR Bill Analysis

HB 5493

***AN ACT CONCERNING THE FILING OF SECURITY WITH THE
COMMISSIONER OF REVENUE SERVICES*****SUMMARY:**

This bill adds Connecticut general obligation bonds to the types of security alcohol beverage distributors must annually file with the commissioner of revenue services as a condition of receiving a license.

Under current law, distributors may post a bond of a surety company authorized to do business in the state or other security acceptable to the revenue services commissioner in an amount she determines.

EFFECTIVE DATE: October 1, 2003

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 17 Nay 1